



Department of Justice

FOR IMMEDIATE RELEASE
WEDNESDAY, FEBRUARY 14, 2001
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AT
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TDD (202) 514-1888

EXECUTIVE AND U.S. SUBSIDIARY OF JAPANESE MANUFACTURER AGREE TO PLEAD GUILTY TO INTERNATIONAL PRICE-FIXING CONSPIRACY CHARGES

First Case in which a Japanese Executive Agrees to Face Jail Time for Violation of U.S. Antitrust Law

WASHINGTON, D.C. -- A U.S. subsidiary of a Japanese manufacturer of isostatic graphite, which is used to make molds and dies, and a Japanese executive today agreed to plead guilty and pay fines totaling more than \$4.5 million for participating in an international cartel to fix the price of isostatic graphite sold in the United States and elsewhere. This is the first case in which a Japanese business executive has agreed to face a possible jail sentence for a violation of U.S. antitrust law.

According to the charge filed today in U.S. District Court in Philadelphia, Toyo Tanso USA Inc., of Troutdale, Oregon, a subsidiary of Toyo Tanso Co. Ltd, of Japan, and Takeshi Takagi, a Japanese citizen and resident, conspired with unnamed co-conspirators to suppress and eliminate competition in the non-machined and semi-machined isostatic graphite industry from as early as July 1993 until at least February 1998.

Toyo Tanso USA has agreed to pay a fine of \$4.5 million. Takagi faces a possible jail sentence and has agreed to pay a fine of \$10,000. Both Toyo Tanso USA and Takagi have agreed to cooperate in the Department's ongoing investigation.

Isostatic graphite is a fine grain carbon product with great strength and resistance to heat and chemical reaction. It is commonly used to produce, among other products, electrodes for

electrical discharge machinery, dies for the continuous casting of metals, and various products used in the semi-conductor industry which require its unique properties.

“The charge filed today further demonstrates the Division’s resolve to detect and prosecute those companies and individuals involved in international cartels that harm American businesses and consumers,” said John M. Nannes, Acting Assistant Attorney General in charge of the Antitrust Division.

Toyo Tanso USA and Takagi were charged with carrying out the price-fixing conspiracy by:

- participating in meetings and conversations to discuss prices and grades of non-machined and semi-machined isostatic graphite sold in the U.S. and elsewhere;
- agreeing to charge prices at certain levels and to increase and maintain those prices;
- agreeing to maintain market shares on the sale of non-machined and semi-machined isostatic graphite;
- agreeing to refrain from selling non-machined and semi-machined isostatic graphite to a co-conspirator’s customer;
- agreeing to eliminate discounts from the fixed price of non-machined and semi-machined isostatic graphite;
- agreeing to standardize the grades of non-machined and semi-machined isostatic graphite;
- exchanging sales and customer information for the purpose of monitoring and enforcing the terms of the agreement; and
- issuing price announcements and price quotations in accordance with the agreements reached.

In March 2000, Carbone of America Industries Corp. (CAIC) and its President and Chief Executive Officer, Michel Conigilio, were charged with participating in the same conspiracy.

Both pleaded guilty. For their role in the conspiracy, CAIC was sentenced to pay a \$7.15 million fine and Conigilio a \$100,000 fine. Both are cooperating with the Department’s ongoing investigation.

Toyo Tanso USA and Takehesi Takagi are charged with violating the Sherman Act, which carries a maximum fine of \$10 million for corporations and a maximum penalty of three years imprisonment and a \$350,000 fine for individuals.

The maximum fine for both corporations and individuals may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of these amounts is greater than the statutory maximum fine.

Today's charge is the result of an ongoing investigation being conducted by the Antitrust Division's Philadelphia Field Office and the Federal Bureau of Investigation in Philadelphia.

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